

Millions Enjoy Ownership And Control Outside Social Security

Today's Presidential Action

- **Today, President Bush Visited Kirtland, Ohio To Meet With State And Local Public Employees Who Are Outside Of Social Security And Have The Option Of Investing In Voluntary Personal Accounts.** The President has called for allowing younger Americans the option of safely investing a portion of their payroll taxes in voluntary personal accounts that they own and control within the Social Security system.

Background: Five Million People Nationwide Are Outside Of Social Security

- **Nearly All Of Ohio's Public Employees Are Outside Of Social Security.**
 - ✓ **State And Local Public Employees Welcome Choice.** Ninety-seven percent of Ohio's public employees, or 846,000 workers, are exempt from Social Security. Millions of other state and local public employees nationwide participate in plans outside the system.
 - ✓ **Exempt Workers Have Flexibility.** Public employees in Ohio have the option of choosing from several different retirement plans, including voluntary personal accounts. Right now, thousands of state employees elect voluntary personal accounts, and the percentage of people participating has been growing substantially since the accounts were introduced statewide in 2003.
 - ✓ **State And Local Public Employees Control Their Personal Accounts.** Participants in voluntary personal accounts enjoy higher rates of return on their contributions and have ownership of their retirement income, which means they do not face the risk that the government will decide to cut their benefits. Ownership also means they can pass on their nest eggs to their children.
- **Millions Of Americans Already Have Retirement Plans Outside Social Security.**
 - ✓ **Many State And Local Public Employees Are Outside Of Social Security.** There are approximately five million state and local public employees who are exempt from Social Security. They live in every state and participate in alternative retirement plans that offer additional opportunities to build savings for their retirement, including higher rates of return and greater flexibility.
 - ✓ **Federal Employees Were Exempt From Social Security Before Laws Changed.** Prior to 1984, federal employees, including the President, Vice President, and members of Congress, were not required to pay Social Security payroll taxes.
 - ✓ **Federal Employees Already Have Voluntary Personal Accounts In Addition To Social Security.** People who work for the federal government have the option of investing a portion of their income in a Thrift Savings Plan (TSP), which offers a conservative mix of stocks and bonds. The federal government offers this plan because it recognizes the benefits of voluntary personal accounts.
- **The President Has Laid Out Basic Principles That Must Guide Reform.**
 - ✓ **No Changes For Those Born Before 1950.** Those who are at or nearing retirement will see no changes to their Social Security benefits, but they too want to see the system strengthened for their children and grandchildren. The President welcomes the wisdom of seniors and their input on how to save Social Security for future generations.
 - ✓ **We Must Fix Social Security Permanently.** The President wants to fix Social Security once and for all, so that our children and grandchildren do not face these same problems.
 - ✓ **No Increase In Payroll Tax Rates.** Increasing the payroll tax rate would burden workers and harm our economic strength.
 - ✓ **Voluntary Personal Retirement Accounts Are A Key Component Of Reform.** They would provide a nest egg to supplement the traditional Social Security checks workers receive.